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ABSTRACT

A study examined the long-term effects of three training projects sponsored by the Employment Training Panel that were established in California in 1983. The three projects, which were all designed to prepare participants for entry-level jobs, were implemented in 1983-1984, with placements into new jobs generally occurring in early- to mid-1984. The first project was conceived to retrain laid-off Ford workers as microwave technicians through the College of San Mateo. In the second project, the United Auto Workers (UAW) contracted to train unemployed persons as structural and electrical assemblers for Rockwell International. The third project was a program to train unemployed persons as entry-level or apprentice machinists and was offered through the National Tooling and Machining Association (NTMA). Employment records for all 18 people who completed the Ford microwave training project were examined, and a random sample of 25 persons was selected for study from the persons completing the other two training projects. Data from the participants' earnings and employment histories and from tax and unemployment insurance records indicated that those who completed the training programs experienced substantial salary increases and drops in unemployment. The wage increases experienced by those completing the Ford, Rockwell/UAW, and NTMA training programs were 14, 57, and 12 percent, respectively. (MN)

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THE EMPLOYMENT TRAINING PANEL

A FOLLOW-UP REPORT

SEPTEMBER 19, 1986

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October 1, 1986

The Employment Training Panel was created to keep working people on the job and to help provide the skilled workers business needs to stay productive and competitive in California.

The following report describes results of a follow-up study of three training projects. The study shows that following Panel training, workers' salaries increased and their periods of unemployment dropped substantially.

The report shows the positive long-term results that follow from a serious, no-nonsense job program like the Employment Training Panel.

Let us know if we can provide any further information.

Sincerely,

Robert C. Thierry
Chairman

RCT:kg

Enclosure

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THE EMPLOYMENT TRAINING PANEL

A FOLLOW-UP REPORT

A long-term follow-up study of three of the first training projects approved by the Panel in 1983 shows a significant improvement in trainee earnings and a substantial reduction in periods of unemployment following training.

Specific results of the study are displayed in the attached charts.

The study examined three entry-level training projects:

1. The project to retrain laid-off Ford workers as microwave technicians through the College of San Mateo.

2. The contract to train unemployed persons as structural and electrical assemblers for Rockwell International. The training was provided by the United Auto Workers.

3. The project to train unemployed persons for jobs as entry-level or apprentice machinists through the National Tooling and Machining Association.

For all three, training occurred during 1983 and 1984, with placements in new jobs occuring generally in early to mid-1984.

The focus of the analysis was to determine whether trainees remained on the job following the first 90 days of employment and what their unemployment history was following training. Records for all of the 18 people who completed the Ford microwave project were examined. A random sample of 25 was selected from each of the other two projects.

Earnings and unemployment histories were compared for 1982, the first full year prior to training, with the same data for 1985, the first full year following training.

The follow-up report was made by analyzing employment tax records and unemployment insurance records. The tax records show wages earned by each trainee by quarter between the first quarter of 1982 and the first quarter of 1986. These are wages as reported to the Employment Development Department for the payment of payroll taxes.

The unemployment insurance records, also maintained by EDD, show the number of weeks of unemployment claimed by each of the trainees for the same period.

The accuracy of this data should be higher than that usually obtained in follow-up studies of this kind based on surveys.

Ford Microwave

The Ford plant in Milpitas closed in May 1983. Preliminary training started even before the closure and lasted until early 1984. Of those trainees who completed the microwave training, approximately 60 percent were white and 40 percent Hispanic. The average age was 38.

The change in their unemployment history was dramatic between 1982 and 1985.

All trainees worked for Ford in 1982 and 90 percent collected unemployment insurance during that year, for an average of 8.7 weeks paid for all the trainees.

In 1985 only one trainee collected unemployment, a decline of 94 percent. That reduced the average period of unemployment from 8.7 weeks in 1982 to only two days in 1985.

Additionally, in 1982 the average annual wage of the Ford workers was $21,728. In 1985 the same workers' average annual income was $24,659, an increase of 14 percent.

The 1985 average wage is particularly significant because of the widespread assumption that workers leaving industrial jobs like those at Ford for jobs in industries like electronics will take substantial cuts in pay. The Congressional Office of Technology Assessment reported in its recent study Technology and Structural Unemployment: Reemploying Displaced Adults that in one survey of displaced workers who found new jobs, 45 percent took a cut in pay and two-thirds were earning less than 80 percent of their former income. This has not occurred for the Ford workers who participated in Panel training.

Rockwell/UAW

In this project unemployed persons were trained prior to being hired by Rockwell as electrical and structural assemblers to work on the last space shuttle and to assemble the B-1 bomber.

The average age of these trainees was 31 at the time of training. Sixty-five percent are white; 9 percent black; 17 percent Hispanic; and 9 percent Asian.

In 1982 the average worker had an unemployment insurance claim lasting 8.7 weeks. In 1985 the average unemployment claim was reduced to 1.3 weeks, a reduction of 85 percent.

Further, in 1982 these workers had average annual incomes of $18,801. In 1985 after training the same workers had average incomes of $29,476, an increase of 57 percent.

These trainees moved from job to job within the aerospace industry, which is typical of the industry. Many of these workers left Rockwell for Lockheed and several for Northrop, presumably because of the end of the space shuttle project. Nevertheless, they remained employed in the industry for which they were trained, and kept working and off unemployment.

National Tooling and Machining Association

The average age of this group was 29 at the time of training. 48 percent are white; 8 percent black; 36 percent Hispanic; and 8 percent Asian.

Although there was more movement among this group after training and more unemployment than among the other trainees studied, the change from 1982 to 1985 still was dramatic.

In 1982 the average trainee received unemployment insurance benefits for 7.7 weeks. In 1985 unemployment was reduced to 2.5 weeks on average, a reduction of 68 percent.

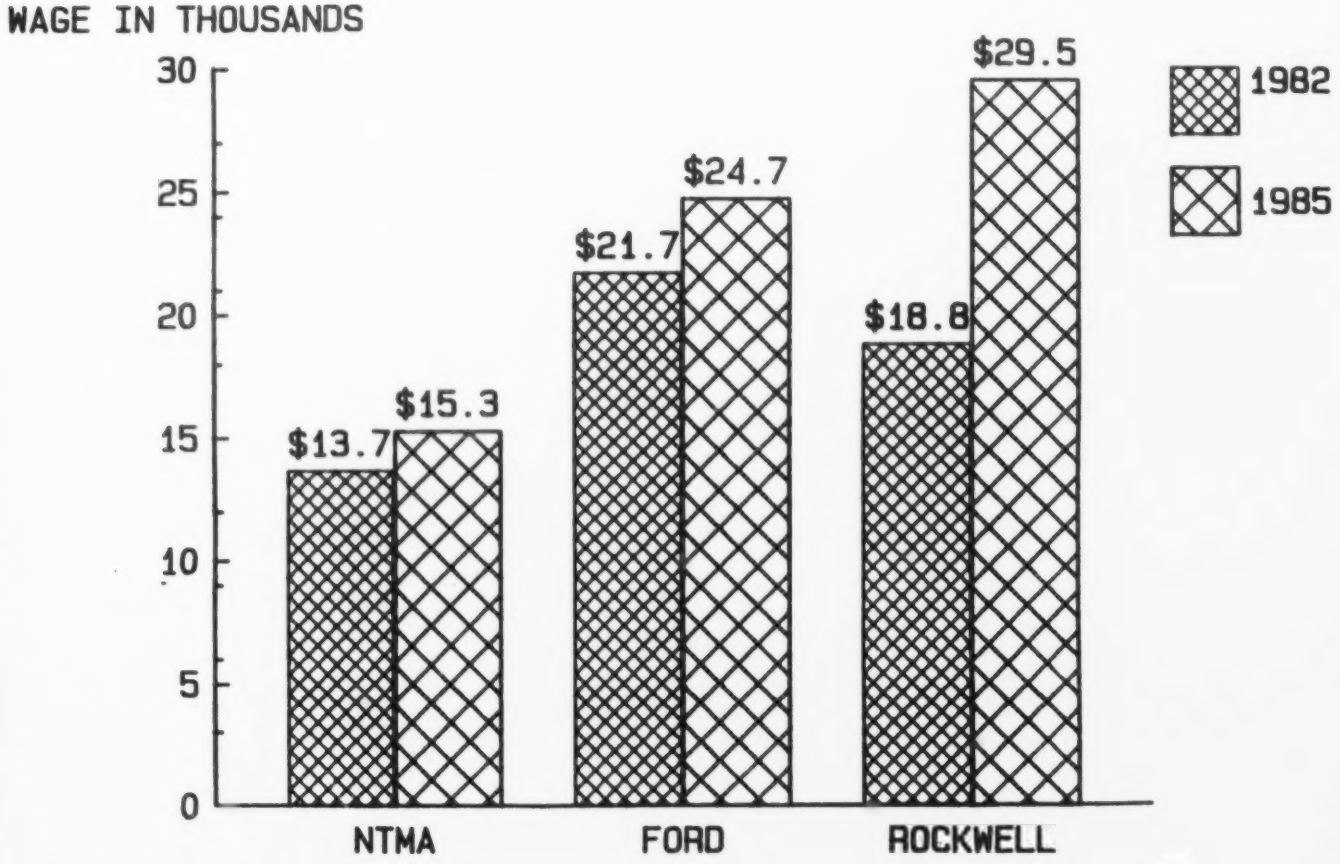
Wages were up as well. In 1982 the participants' average wage preceding training was $13,696. In 1985 the average wage was $15,314, an increase of 12 percent.

The total wages paid and the percent increase in wages between 1982 and 1985 compare favorably with changes in the statewide average manufacturing wage for the same period.

Statewide, in 1982 the average weekly manufacturing wage was $362.21, or an annual wage of $18,834. By 1985 the weekly wage had increased 12 percent to $406.82.

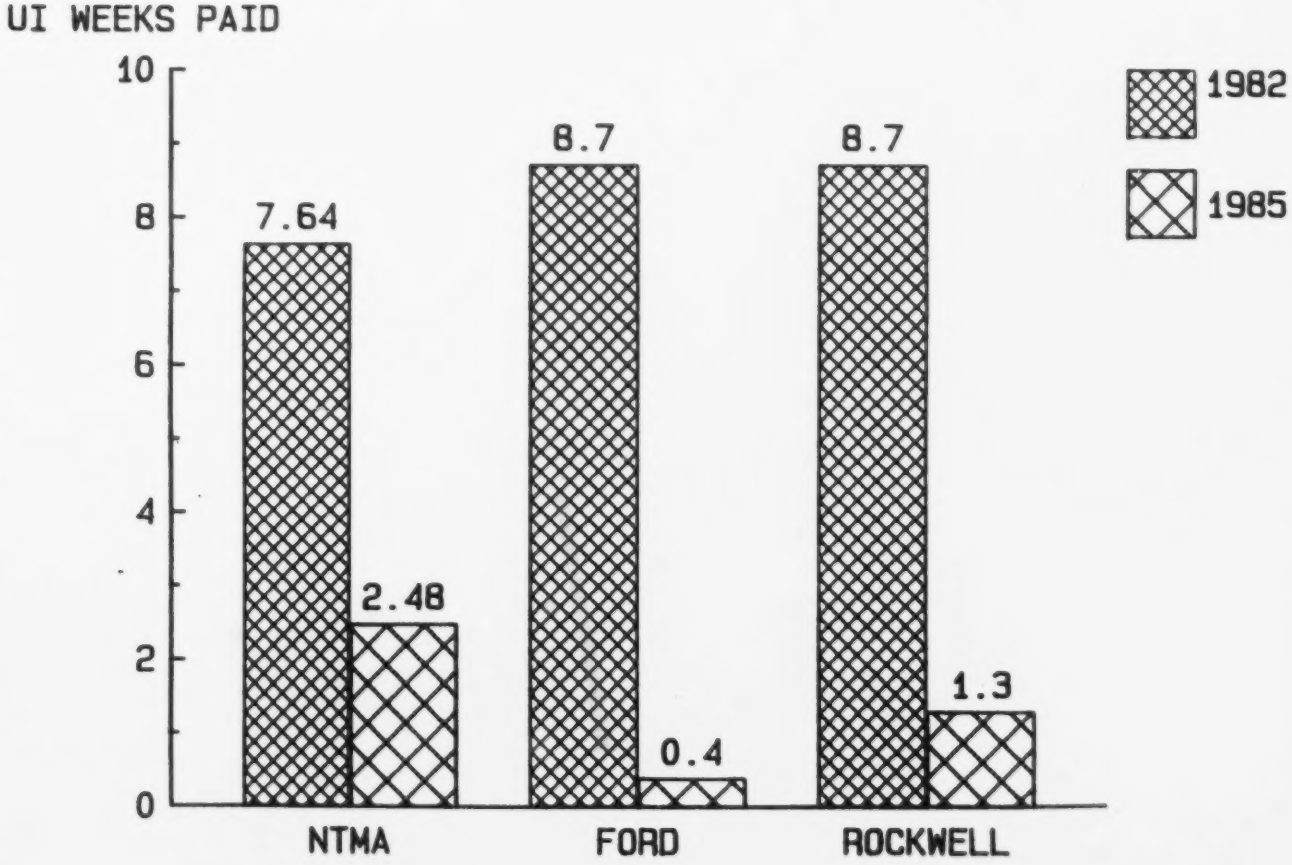
Each of the three projects analyzed met or exceeded the average statewide percentage increase in wages over the same period. The microwave and the Rockwell trainees' wages exceeded the average statewide gross wage amount as well.

COMPARISON OF AVERAGE ANNUAL WAGE 1982/1985
NTMA, FORD MICROWAVE, AND UAW ROCKWELL



Data derived from EDD claim and tax files.

COMPARISON OF UI WEEKS PAID 1982/1985
NTMA, FORD MICROWAVE, AND UAW ROCKWELL



Data derived from EDD claim and tax files.